

## Message Text

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67

ACTION ARA-10

INFO OCT-01 ISO-00 INT-05 L-03 AID-05 CIAE-00 COME-00

EB-07 FRB-03 INR-07 NSAE-00 USIA-06 TRSE-00 XMB-02

OPIC-03 SP-02 CIEP-01 LAB-04 SIL-01 OMB-01 GSA-01

PA-01 PRS-01 FTC-01 EA-06 ERDA-05 FEA-01 /077 W

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R 242020Z JUL 75

FM AMEMBASSY BRASILIA

TO SECSTATE WASHDC 559

INFO AMCONSUL RIO DE JANEIRO

AMCONSUL SAO PAULO

LIMITED OFFICIAL USE BRASILIA 6158

E.O.11652: N/A

TAGS: EMIN, BR

SUBJECT: CARAJAS IRON ORE PROJECT

REF: BRASILIA 6025

1. FOLLOWING THE JULY 23 MEETING IN BRASILIA WITH REPRESENTATIVES OF CVRD AND US STEEL, MINISTER OF MINES AND ENERGY UEKI ANNOUNCED THAT "ALL OBSTACLES FOR THE BEGINNING OF EXPLOITATION OF CARAJAS' IRON ORE ARE PRACTICALLY OVERCOME" AND THAT SUPPLY CONTRACTS WITH AMERICANS, EUROPEANS, AND JAPANESE ARE ASSURED WITH ONLY THE FINANCIAL ASPECTS REMAINING TO BE COMPLETED.

2. UEKI CONFIRMED THAT A RAIL LINE WILL BE CONSTRUCTED BY THE JOINT CVRD-US STEEL COMPANY, AMZA, TO THE ITAQUI PORT SITE IN MARANHAO AND SAID IT WOULD COST 90 MILLION DOLLARS. ON THE COST OF THE ENTIRE CARAJAS PROJECT, UEKI SAID THAT THE CURRENT ESTIMATE IS 2.2 BILLION DOLLARS BUT NOTED THAT IT WOULD BE LIMITED OFFICIAL USE

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MORE REALISTIC TO ANTICIPATE A TOTAL COST OF 2.7

BILLION DOLLARS. UEKI ALSO CONFIRMED THAT THIRD COUNTRY INVESTORS WOULD HOLD NON-VOITNG SHARES WITH THE JAPANESE PARTICIPANTS ACQUIRING 10 PERCENT AND THE ENGLISH AND SPANISH GROUPS 5 PERCENT EACH. UEKI ALSO ANNOUNCED THAT AMZA MANAGEMENT ASSIGNMENTS GAVE CONTROL OVER OPERATIONS TO CVRD AND RESPONSIBILITY FOR COMMERCIAL AND FINANCIAL ACTIVITIES TO US STEEL.

3. AT A US-BRAZILIAN DINNER, INCLUDING GOB, US STEEL, AND CVRD OFFICIALS, EVENING OF JULY 23, ATMOSPHERE SEEMED GOOD. IMPRESSION CONVEYED TO CHARGE BY VISITING US STEEL EXECUTIVES WAS THAT SIGNIFICANT PROGRESS HAD BEEN MADE, IN TERMS OF IMPROVING ATMOSPHERE AS WELL AS THE RESOLUTION OF THE SPECIFIC ISSUES. US COMPANY EXECUTIVES SAID THEY WERE IMPRESSED BY UEKI AND THOUGHT MINISTER WAS DETERMINED TO RESOLVE MATTER. WHILE THERE WAS NO INDICATION OF MAJOR HITCHES IN NEGOTIATIONS, NONE OF VISITING US EXECUTIVES, HOWEVER, VOLUNTEERED STATEMENT AS OPTIMISTIC AS UEKI'S.

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** IRON, FOREIGN INVESTMENT, MINING INDUSTRY, PROGRAMS (PROJECTS), JOINT VENTURES, COST ESTIMATES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 24 JUL 1975  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Authority:** MorefiRH  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 28 MAY 2004  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
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**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D750256-0296  
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**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION ARA  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 2  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
**Reference:** 75 BRASILIA 6025  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** MorefiRH  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 04 SEP 2003  
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EO Systematic Review  
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**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
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**TAGS:** EMIN, BR, US, US STEEL, COMPANHIA VALE DO REO DOCE  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 06 JUL 2006